

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-07 EUR-12 NEA-10 OIC-02

IO-11 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00 USIA-06

PRS-01 SP-02 FEAE-00 OMB-01 /134 W

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R 131730Z FEB 76

FM USMISSION GENEVA

TO SECSTATE WASHDC 8148

INFO AMEMBASSY CAIRO

AMEMBASSY ISLAMABAD

AMCONSUL HONG KONG

AMEMBASSY KINGSTON

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

AMEMBASSY TOKYO

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PASS STR FOR MIKE SMITH

EO 11652: N/A

TAGS: ETRD, GATT

SUBJECT: TEXTILES: TSB THIRTY-THIRD SESSION, FEB 9-11

REF: GENEVA 0779, GENEVA 0796

1. SUMMARY: TSB'S THIRTY-THIRD SESSION WAS, IN SENSE
OF ACCOMPLISHMENT, AN EXERCISE IN FRUSTRATION AND FUTILITY
LARGELY BROUGHT ABOUT BY OBSTRUCTIVE AND DIVISIVE INTERVENTIONS
BY NEW MEXICAN REP (BARONA) AND APPARENT IGNORANCE OF
TSB'S MODUS OPERANDI ON PART OF NEW JAMAICA REP (BARNETT)

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AND HONG KONG REP (MILLS). FURTHER, NEW JAPANESE REP

(TERADA) REMAINED SILENT THROUGHOUT CONTRIBUTING NOTHING TO EFFORTS OF CHAIRMAN, EC, US AND NORDIC REPS BRING SOME ORDER INTO OTHERWISE CHAOTIC SESSION. AFTER EIGHT HOURS DISCUSSION OF REPORT OF PREVIOUS MEETING, BODY FINALLY ACCEPTED AMENDMENT PROPOSED BY US REP AND APPROVED TRANSMITTAL REPORT TO TC. NOTHING ELSE ACCOMPLISHED NOR, IN LIGHT SUBSEQUENT DEVELOPMENTS AND ATMOSPHERICS, WAS IT POSSIBLE ACCOMPLISH ANYTHING ON AGENDA. ACCORDINGLY, US REP WITH PRIOR UNDERSTANDING OF CHAIRMAN, MOVED TO ADJOURN SESSION AFTERNOON FEB 11 WHICH CHAIRMAN DID IN ABSENCE OPPOSITION WHICH HE DID NOT ALLOW TIME TO DEVELOP. BODY NOW SCHEDULED IN NEW EXTRAORDINARY SESSION MARCH 2-4 WITH NEXT REGULAR SESSION MARCH 9-11.

2. FIRST AGENDA ITEM WAS APPROVAL REPORT THIRTY-SECOND SESSION WHICH INCLUDED TSB CONCLUSIONS ON EC-PAKISTAN PHASE OUT PROGRAM (REF GENEVA 9796). EC REP POINTED OUT THAT PARA 3, GENEVA 0796, AS WRITTEN, WOULD INDICATE THAT EC REP HAD JOINED IN TSB CONSENSUS WHICH, OF COURSE, HE HAD NOT. HE FURTHER NOTED THAT, UNDER TSB RULES PROCEDURE (COM.TEX/SB/30), HE SIMPLY "HAD NOT STOOD IN WAY OF CONSENSUS" WHICH WAS FACT. EC REP THEN PROPOSED, WITHOUT SUGGESTING SPECIFIC LANGUAGE, THAT REPORT REFLECT FACTUAL SITUATION. THIS PROPOSAL WAS REJECTED OUT OF HAND BY HAMZA (EGYPT), BARNETT AND BARONA ALL OF WHOM ARGUED IN HARSHEST TERMS: A) THAT EC REP HAD, AT LAST SESSION, AGREED TO LANGUAGE PARA 3, REFTEL GENEVA 0796; B) THAT HIS PROPOSAL WAS CLEARLY DESIGNED WEAKEN TSB CONCLUSION AND PAKISTAN'S POSITION IN CONSULTATIONS (PARA 4, REFTEL GENEVA 0796) AND; C) THAT THIS PROPOSAL TYPIFIED TACTICS PURSUED BY COMMISSION REPS IN NEGOTIATIONS; E G, SUBSEQUENTLY RENEGING ON AGREED POINTS ON GROUNDS MEMBER STATES REFUSED ACCEPT SAME. DISCUSSION THIS POINT WENT DOWNHILL FROM THERE. US, NORDIC, EC REPS AND CHAIRMAN TRIED POINT OUT THAT EC REQUEST WAS, IN THIS CASE, WITHIN TSB RULES OF PROCEDURE; THAT EC REP THROUGHOUT FORMAL DEBATE ON PAK PHASE-OUT PROGRAM HAD STRONGLY DEFENDED EC ACTION; THAT EC REP HAD CONCURRED ONLY IN DRAFT LANGUAGE OF FINDING LIMITED OFFICIAL USE

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IN INFORMAL SESSION; AND, FINALLY, THAT EC REP HAD BEEN SILENT AT LAST FORMAL SESSION WHEN LANGUAGE OF FINDING FORMALLY APPROVED.

3. ONLY CONCRETE RESULT OF FOREGOING WAS TO PROVIDE MEXICAN REP WITH OPPORTUNITY MAKE LONG, SARCASTIC STATEMENT ON "RIGHTS OF DEVELOPING COUNTRIES WHICH CHAIRMAN AND SOME MEMBERS WERE BENT ON NULLIFYING."

UNDERSTANDABLE, CHAIRMAN RESPONDED WITH SOME HEAT TO THIS ASSERTION AND US REP THEN CALLED FOR COFFEE BREAK. CONSULTING WITH EC AND HAMZA AND HIS PAK ALTERNATE, US REP PROPOSED THAT SIMPLE SENTENCE BE ADDED TO OPENING PARAGRAPH REPORT THIS SESSION (WHICH WILL ONLY STATE THAT REPORT OF LAST SESSION WAS APPROVED) TO EFFECT THAT "CONSENSUS IN CONCLUSION WAS REACHED IN ACCORDANCE WITH TSB RULES AS SET FORTH COM.TEX/SB/30." THIS PROPOSAL WAS ACCEPTED BY HAMZA AND OTHER NEW MEMBERS (RELUCTANTLY) AND BY EC. THUS ENDED FIRST WHOLE DAY.

4. TSB PASSED OVER NEXT AGENDA ITEM (EC-INDIA BILATERAL AND PHASE-OUT PROGRAM) IN ORDER PERMIT INDIAN REPS APPEAR NEXT DAY.--NEXT AGENDA ITEM WAS EC-PAK ART 4 BILATERAL. CONSIDERATION THIS ITEM BEGAN PEACEFULLY ENOUGH WITH NUMBER ROUTING QUESTIONS PUT BY VARIOUS MEMBERS. (PAK REPS HERE HAVING SAID PUBLICLY ON NUMEROUS OCCASIONS THAT THEY PLEASED WITH THEIR EC BILATERAL). HONG KONG REP THEN NOTED THAT HEADING OF ANNEX TO BILATERAL (WHERE EC QUOTAS ARE DISBRITUTED TO MEMBER STATES) STATES THAT "COMMUNITY HEREBY NOTIFIES PAKISTAN THAT THE QUANTITATIVE LIMITS FOR THE TEXTILE PRODUCTS LISTED BELOW WILL BE ALLOCATED BETWEEN THE MEMBER STATES AS FOLLOWS:" HONG KONG REP INQUIRED IF EC CONSIDERED IT HAD UNILATERAL RIGHT TO REALLOCATE SUCH QUOTAS WITHOUT CONSULTING EXPORTING PARTNER. HONG KONG REP, OF COURSE, KNEW ANSWER TO THIS QUESTION SINCE IT FIGURES IN CONTINUING HONG KONG-EC DISPUTE OF INTERPRETATION THEIR OWN BILATERAL WHICH, INCIDENTALLY IS NOT YET SIGNED. PRESUMABLE INTENT HK REP WAS TO OBTAIN FROM TSB SOME LEVERAGE USE IN THEIR CONTINUING TALKS WITH EC.

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5. EC REP'S RESPONSE TO HK QUESTION WAS THAT, AS MATTER OF COMMUNITY LAW, COMMISSION HAD TO TAKE POSITION THAT ALLOCATION OF EC QUOTA BETWEEN MEMBER STATES WAS PURELY "INTERNAL EC CONCERN" AND, THEREFORE, IN LEGAL SENSE, WOULD HAVE TO BE REGARDED AS UNILATERAL RIGHT. FURTHER SAID THAT, AS MATTER OF PRACTICE, EC HAD NEGOTIATED EVERY MEMBER STATE LEVEL WITH PAKISTAN; EC WOULD NOT CHANGE ANY LEVEL LISTED IN SIGNED AGREEMENT WITHOUT CONSULTATION WITH PAKISTAN AND, FINALLY, THAT EC RECOGNIZED THAT ANY MAJOR CHANGES WOULD CONSITUTE A "MODIFICATION" OF THE AGREEMENT AND AS SUCH WOULD HAVE TO BE NOTIFIED TO TSB PURSUANT PROVISIONS MFA PARA 4 ART 4.

6. THIS RESPONSE PROVOKED HAMZA (WHO ALSO REPRESENTS INDIA AND PAKISTAN IN THE TSB "COTTON SEAT") INTO A

PROPOSAL THAT THE TSB WRITE INTO THE TRANSMITTAL NOTE
A CAVEAT TO EFFECT THAT ANY CHANGE IN ALLOCATIONS
WOULD HAVE TO BE NOTIFIED TO TSB AND EXAMINED FOR CONFORMITY
WITH MFA. THIS CAVEAT, ACCORDING HAMZA, WAS ONLY WAY
DEVELOPING EXPORTING COUNTRIES (PAKISTAN,
INDIA, HK AND KOREA) COULD BE PROTECTED AGAINST
UNILATERAL MARKET-SHIFTING ACTION BY EC TO DEPRIVE
THESE COUNTRIES OF BENEFITS OF THE BILATERAL AGREEMENTS.
HAMZA WAS STRONGLY SUPPORTED BY BARNETT AND
BARONA; LATTER MAKING SEVERAL LONG AND PAINFUL INTER-
VENTIONS ON "RIGHTS OF DEVELOPING COUNTRIES UNDER ART 6
OF MFA," "DUTY OF TSB TO INTERVENE IN INEQUITABLE ART 4
AGREEMENTS," "LONG RECORD OF FAILURE OF TSB TO DO ITS
DUTY," AND ASSORTED OTHER IRRELEVANCIES.

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7. US, NORDIC (BLOMBERG) AND EC REPS THEN MADE FOLLOWING POINTS: A) TSB WAS EXAMINING EC-PAK BILATERAL FOR CONSISTENCY WITH ART 4 OF MFA, NOTHING ELSE; B) POINTED OUT THAT MOST PROVISIONS OF ART 4 BILATERALS WERE RESULT OF GIVE-AND-TAKE PURCHASE AND SALE AND THAT, FOR OBVIOUS REASONS, IT WAS NOT IN TSB MANDATE TO INTERVENT BY A PRIORI INTERPRETING INDIVIDUAL PROVISIONS IN ART 4 BILATERALS UNLESS THEY WERE PRIMA FACIE INCONSISTENT WITH THE PROVISIONS OF ART 4; THAT, IN THE ABSENCE OF ANY ACTION ON THE PART OF THE EC, THE TSB COULD NOT BE PUT IN POSITION OF FORMALLY SUGGESTING THAT EC MIGHT COMMIT A VIOLATION OF ART 4 AT SOME FUTURE DATE; THAT PAKISTAN HAD NOT COMPLAINED LIMITED OFFICIAL USE

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AND COULD HAVE NO GROUNDS FOR COMPLAINT UNLESS AND UNTIL EC ACTED UNILATERALLY TO THE DETRIMENT OF PAKISTAN; AND, FINALLY, THAT ANY MODIFICATION OF THE TERMS OF THE BILATERAL HAD TO BE REPORTED TO THE TSB AND WOULD BE CONSIDERED ON ITS MERITS AT THAT TIME. CHAIRMAN ALSO INTERVENED IN THE SENSE OF THE FOREGOING.

8. THESE STATEMENTS LED MEXICAN REP TO ASSERT THAT TSB OBVIOUSLY DID NOT KNOW HOW TO INTERPRET MFA PROPERLY AND THAT HE WAS THERE TO CHANGE THINGS; SAID THAT TSB, IN PAST, HAD "TAKEN ITS WORK LIGHTLY," THAT DEVELOPING COUNTRIES HAD TO MAKE ALL THE CONCESSIONS AND THAT THERE WAS BIAS ON PART OF CHAIRMAN FOR DEVELOPED COUNTRIES AND (LOOKING DIRECTLY AT US REP) ASSERTED THAT DEVELOPED COUNTRY REPS HAD HAD TOO MUCH INFLUENCE IN TSB BUT THAT "ALL THAT WOULD BE CHANGED." CHAIRMAN TOOK THIS INTERVENTION AS A PERSONAL INSULT WITH THE RESULT THAT THERE FOLLOWED AN INTERPERATE EXCHANGE BETWEEN THE CHAIRMAN AND THE MEXICAN REP WITH THE MEXICAN REP CONCLUDING WITH THE CHARGE THAT THE CHAIRMAN HAD RAISED HIS VOICE WITH A REP OF THE GOVERNMENT OF MEXICO AND, THEREFORE, WITH THE GOVERNMENT OF MEXICO AND THAT THIS COULD NOT BE TOLERATED. US REP MOVED FOR ADJOURNMENT BEFORE WORDS PROCEEDED TO ACTION.

9. THUS ENDED LATEST CHAPTER IN TSB SAGA. IN CONVERSATION WITH CHAIRMAN AFTER MEETING, CHAIRMAN SAID HE CONSIDERING REQUESTING LONG ASK MEXICAN AMB HERE REPLACE BARONA ON GROUNDS HE INCOMPETENT SIT. SAID IF EVIDENCE NEEDED, TAPES OF EXCHANGES WOULD BE MADE AVAILABLE. AFTER MEETING ADJOURNED, EC PERM REP GENEVA LUYTEN APPEARED AND SHORTLY BECAME ENGAGED IN HEATED CONVERSATION WITH HAMZA AND HIS PAKISTANI ALTERNATE. UNDERSTAND FROM SOURCE WHO OVERHEARD PART OF EXCHANGE THAT

LUYTEN WAS INFORMING HAMZA THAT REPEAT OF AFTERNOON PERFORMANCE COULD INHIBIT EC'S ABILITY DO ANYTHING AT ALL FOR PAKISTAN IN UPCOMING CONSULTATION ON PHASE-OUT PROGRAM.

10. FEB 12 US REP BEGAN EFFORT PICK UP PIECES BY TWO-HOUR PRIVATE MEETING WITH HAMZA. WORKED OUT WITH LIMITED OFFICIAL USE

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HAMZA (WHO, INCIDENTALLY, IS A REASONABLE MAN WHEN NOT BEING PUSHED BY HIS CONSTITUENCY) A POSSIBLE COMPROMISE ON APPROVAL OF EC-PAK AGREEMENT WHICH WILL BE TRIED OUT WITH EC REP WHEN HE RETURNS FROM BRUSSELS FEB 16. HAMZA SAID HE WAS SEEING BARONA ALONG WITH INDIAN AMB CHADHA AND PAKISTAN AMB FEB 13 IN EFFORT TRY CONVINCE MEXICAN REP THAT HE DOING MUCH HARM TO DEVELOPING EXPORTING COUNTRY INTERESTS IN PERFORMANCE TO DATE. HAMZA HOPEFUL THAT CHADHA CAN "COOL MEXICAN REP OFF." IT IT COMES TO EFFORT TO REMOVE MEXICAN REP, US REP WILL, OF COURSE, AVOID ANY PARTICIPATION AS A) SUCH EFFORTS USUALLY FAIL AND, B) LEAVE A RESERVOIR OF BITTERNESS WHICH US DOES NOT NEED IN TSB. AT PRESENT, US REP HAS NO WAY KNOWING WHETHER MEXICAN REP'S PERFORMANCE WAS RESULT OF INEPTITUDE AND/OR INEXPERIENCE OR THAT OF A SKILLED SABOTEUR. IT COULD BE EITHER. IN ANY EVENT, IT IS CLEAR THAT THE EC'S PERFORMANCE TO DATE IN MEETING ITS MFA OBLIGATIONS HAS VERY NEARLY INDUCED A STATE OF PARANOIA AMONG DEVELOPING TEXTILE EXPORTING COUNTRY GOVERNMENTS. PERHAPS MOST OF THEIR REPS ARE BETTER AT CONCEALING THE SYMPTOMS THAN IS THE MEXICAN REP.

11. US REP WILL CONTINUE EFFORTS RESTORE HARMONY AND REPORT DEVELOPMENTS AS THEY OCCUR. BRUNGART

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Message Attributes

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